No. 17-1625

IN THE

Supreme Court of the United States

RIMINI STREET, INC. AND SETH RAVIN,
Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA INC., AND ORACLE INTERNATIONAL CORPORATION,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF FOR THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY

SHELDON H. KLEIN
PRESIDENT
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION
1400 CRYSTAL DRIVE
SUITE 600
ARLINGTON, VA 22202
(703) 415-0780

STEFAN MENTZER
COUNSEL OF RECORD
WHITE & CASE LLP
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020
(212) 819-8200
smentzer@whitecase.com

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Attorneys for Amicus Curiae

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INTEREST OF AMICUS CURIAE

The American Intellectual Property Law Association ("AIPLA") is a national bar association of approximately 13,500 members who are primarily lawyers working in firms and corporations, in government service, and in the academic community.[1] AIPLA's members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law as well as other areas of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

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[1] In accordance with Supreme Court Rule 37.6, AIPLA states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than AIPLA and its counsel. AIPLA believes that (1) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to the litigation in this matter; (2) no representative of any party to this litigation participated in the authorship of this brief; and (3) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

AIPLA has no stake in any of the parties to this litigation or in the result of this case.[2]

SUMMARY OF ARGUMENT

Awards of costs under § 505 of the Copyright Act beyond those that courts may tax as costs under 28 U.S.C. § 1920 and order paid to witnesses under 28 U.S.C. § 1821 undermine the Copyright Act's registration-for-remedy incentives. Without the limits of those provisions, copyright owners are able to recover extraordinary remedies without satisfying the Act's prompt registration requirements for awards of attorney's fees and statutory damages.[3]

Copyright registration provides important benefits to copyright owners and to the public, giving a public record of key facts relating to the authorship and ownership of the claimed work. Although copyright protection does not depend on registration, Congress has recognized its importance by requiring registration to enforce copyrights and by providing incentives to encourage prompt registration. In particular, § 412 of the Copyright Act provides that statutory damages and attorney's fees are available only where the copyright owner registered the work before the infringement commenced, or within three months of first publication.

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[2] AIPLA has the consent of the parties to file this amicus brief, pursuant to Supreme Court Rule 37.3(a). Petitioners filed a blanket consent on October 24, 2018, and Respondents filed a blanket consent on October 26, 2018.

[3] "Non-taxable costs" are costs other than the costs enumerated in 28 U.S.C. §§ 1920 and 1821.

Unlike attorney's fee and statutory damage awards, however, cost awards under § 505 are not conditioned on the timely registration requirement of § 412. Absent the limitations of Sections 1920 and 1821 of Title 28, extraordinary cost awards may circumvent Congress's incentives to register.

In addition, different courts have allowed recovery of non-taxable costs as part of recovery of "full costs" with no clear standards, producing significant variability in such awards. The Ninth Circuit's reading of the statute provides no guidance about the factors to be considered, and is likely to increase variability in cost awards and uncertainty for both copyright owners and accused infringers.

ARGUMENT

I. UNCONSTRAINED DISCRETION TO AWARD COSTS UNDER 17 U.S.C. § 505 UNDERMINES THE COPYRIGHT ACT'S INCENTIVES TO REGISTER WORKS

A rule that exempts cost awards under 17 U.S.C. § 505 from the generally applicable constraints of 28 U.S.C. §§ 1920 and 1821 undermines the registration-for-remedy incentives in § 412 of the Copyright Act. Without these constraints, copyright owners can recover extraordinary cost awards without satisfying the statute's prompt registration requirements for statutory damages and attorney's fees.

A. Section 412 of the Copyright Act encourages prompt registration

Copyright registration provides an important public record that benefits both copyright owners and users, disclosing key facts about the authorship and ownership of the claimed work. The record includes the title of the work, the author of the work, the name and address of the claimant or copyright owner, the year of creation, and information on publication, prior registration, and preexisting material.

The importance of maintaining this record is reflected in the Copyright Act's incentives to encourage registration. A conspicuous incentive is the requirement in 17 U.S.C. § 411(a) for registration before a copyright owner can bring an infringement lawsuit.[4] In addition, § 412 conditions the availability of certain infringement remedies upon timely registration, including statutory damages under § 504 and attorney's fees under § 505. Thus, only copyright owners who have timely registered their works with the Copyright Office are entitled to the full array of remedies under the statute.

The incentives embodied in § 412 advance important public policy goals. Copyright registration offers several benefits in addition to allowing copyright owners to seek statutory damages and attorney's fees. Registration made within five years after first publication of the work is prima facie evidence of the validity of the copyright and of the

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[4] Whether the "application" or "registration" approach applies is an issue currently before this Court in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, No. 17-571.

facts stated in the registration certificate. *See* 17 U.S.C. § 410(c). Registration is a prerequisite for an infringement suit. *See* 17 U.S.C. § 411(a). Registration also allows copyright owners to establish a record with U.S. Customs and Border Protection to prevent the importation of infringing copies. *See* 19 C.F.R. § 133.32.

Congress has frequently recognized the benefits of registration to the public. Registration of published works "is useful and important to users and the public at large," H.R. Rep. No. 94-1476, at 158, by giving notice of what works are under copyright and who claims to own them for purposes of securing permissions or avoiding infringement. *See also* Registration Modernization, U.S. Copyright Office, 83 Fed. Reg. 52336 (Oct. 17, 2018) ("The Office's registration services are vital to creators and users of creative works of all types, including large and small businesses, individuals, and non-profit organizations."); S. Rep. 100-352, 19 (1988) ("Registration provides a useful public record.").[5]

Section 412, in particular, offers benefits to both copyright owners and users. It gives potential infringers an incentive to check the copyright register to avoid statutory damages and attorney's fees. *See Johnson v. Jones*, 149 F.3d 494, 505 (6th Cir. 1998). Such an incentive reduces "both the search costs

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[5] Congress's decision in 1989 to retain the registration requirement for domestic plaintiffs, at a time when other copyright formalities were eliminated in order to accede to the Berne Convention, is further evidence of the importance of copyright registration. *See* Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1989).

imposed on potential infringers and the enforcement costs borne by copyright owners." In addition, "the simplicity of § 412 confers upon all parties involved the clarity and low administrative costs of a brightline rule." *Id.*

B. Awards of non-taxable costs undermine the incentives of § 412 to promote timely registration

The Ninth Circuit's interpretation undermines the incentives in § 412 for timely registration by permitting extraordinary cost awards regardless of when registration has occurred. Copyright owners who have not timely registered their works and are not eligible to recover statutory damages or attorney's fees nevertheless could recoup large cost awards under a system where non-taxable costs are allowed and not otherwise constrained.

Non-taxable cost awards can be substantial in copyright cases. In the proceedings below, the district court awarded more than $12 million in expert fees and other non-taxable costs. *See Oracle USA, Inc. v. Rimini St., Inc.*, 879 F.3d 948, 966 (9th Cir. 2018). Other courts have awarded substantial non-taxable costs. *See, e.g., Mattel, Inc. v. MGA Entm't, Inc.*, No. 04-cv-9049, 2011 U.S. Dist. LEXIS 85998, at *42-42 (C.D. Cal. Aug. 4, 2011), *aff'd*, 705 F.3d 1108 (9th Cir. 2013) (awarding more than $31 million in costs); *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 674 (9th Cir. 2017) (awarding more than $420,000 in non-taxable costs); *Pringle v. Adams*, No. 10-cv-1656, 2014 U.S. Dist. LEXIS 101525, at *23-25 (C.D. Cal. July 23, 2014) (awarding approximately $300,000 in non-

taxable costs); *Capitol Records, Inc. v. MP3tunes, LLC*, No. 07-cv-9931, 2015 U.S. Dist. LEXIS 156069, at *24 (S.D.N.Y. Nov. 12, 2015) (awarding nearly $250,000 in non-taxable costs).

Large non-taxable cost awards, which may include sizeable expenditures like expert witness fees, undercut the incentives Congress enacted in § 412 to encourage timely registration of works. Under the Ninth Circuit decision, copyright owners can recover substantial cost awards without observing the requirements of § 412. It is unlikely that Congress, when it calibrated the incentives to register, envisioned that non-taxable cost awards would approach the magnitude of attorney's fees and statutory damages, the other levers of remedies that Congress carefully crafted in order to carry forward the important registration-and-remedy mechanism, so as to maintain a robust registration system. The Ninth Circuit decision creates a conflict with the requirement of § 412 that a party pay its own way to bring an infringement claim for a work that was not timely registered. Indeed, the decision allows a party to recover substantial amounts expended on professional fees for experts who have been hired by the very attorney whose professional legal fees are not recoverable.

Limiting "full" costs under § 505 to taxable costs as provided by 28 U.S.C. §§ 1920 and 1821 reconciles the policies underlying the Copyright Act and maintains the important registration incentive under the statute.

C. Congress has long recognized the importance of registration for copyright owners and users

A rule that forgoes the general limits on cost awards interferes with the longstanding incentives that Congress enacted to support copyright registration, an important feature of U.S. copyright law.

Under the Copyright Act of 1790, registration was compulsory and a prerequisite to bring an infringement action. *See* Ch. 15, 1 Stat. 124 (1790). The first major reform in the Copyright Act of 1909 kept the compulsory registration requirement, and it also included remedies of attorney's fees and statutory damages. *See* Copyright Act of 1909, ch. 320, Stat. 1075, 1078 (1909). At the time, Congress did not condition these remedies on registration before infringement because copyright protection under the 1909 Act arose for works that met various statutory requirements, including registration under § 10, renewal under § 23, and notice under §§ 9 and 18.

In the 1976 Copyright Act, Congress provided that copyright rights would exist at the moment a work is created – fixation in tangible form – as opposed to the time of registration under the 1909 Act. With this relaxation of the registration requirements, Congress refashioned extraordinary remedies as incentives for copyright owners to register their works.

Congress recognized in the 1976 Act that registration of published works would no longer be compulsory and "should therefore be induced in some practical way." H.R. Rep. No. 94-1476, at 158 (1976). In a 1965 report submitted to the House Judiciary Committee during the revision of the Copyright Act, the Register of Copyrights analyzed the provision that Congress ultimately would enact as 17 U.S.C. § 412. The Register noted that, of the sections on registration in the revision bill, this one "has attracted the most attention;" it was an "important provision" and a "cornerstone" of the registration, infringement, and remedy provisions of the bill. H. Comm. on the Judiciary, 89th Cong., Supp. Rep. of the Register of Copyrights on the General Revision of the U.S. Copyright Law 124-25 (Comm. Print 1965). After considering various proposals, the Register concluded, "it would be enough to induce registration if the statute made it a condition to the recovery of statutory damages and attorney's fees." *Id.* at 125.

In 1976, Congress enacted essentially the same language recommended by the Copyright Office. *See* Pub. L. No. 94-553, § 412, 90 Stat. 2541, 2583 (1976). Thus, Congress linked registration with the "extraordinary" remedies of statutory damages and attorney's fees to encourage copyright owners to register their works in a timely fashion. H.R. Rep. No. 94-1476, at 158 (1976); *see also Derek Andrew, Inc. v. Poof Apparel Corp.*, 528 F.3d 696, 700 (9th Cir. 2008) ("by denying an award of statutory damages and attorneys' fees where infringement takes place before registration, Congress sought to provide copyright owners with an incentive to register their copyrights promptly").

II. TITLE 28 CONSTRAINTS ARE NEEDED TO REMOVE UNCERTAINTY FROM § 505 COST AWARDS

A. No clear criteria exist for awarding non-taxable costs

The view that an award of "full costs" under § 505 is unconstrained by §§ 1920 and 1821 of Title 28 provides district courts with no guidance about the factors to be considered for making such awards. Instead, it promises to increase variability in cost awards among the courts, and will increase uncertainty for both copyright owners and accused infringers.[6]

The Copyright Act establishes no criteria for when or how a court may, "in its discretion," award costs. 17 U.S.C. § 505. The standards for determining costs vary across courts that allow for non-taxable costs. Some courts have authorized non-taxable costs that were "reasonable" or "reasonably incurred." *See Ronaldo Designer Jewelry, Inc. v. Prinzo*, No. 5:14-cv-73-DCB-MTP, 2017 U.S. Dist. LEXIS 133121 (S.D. Miss. Aug. 21, 2017); *Compass Homes, Inc. v. Heritage Custom Homes, LLC*, No. 2:13-cv-779, 2015 U.S. Dist. LEXIS 101338, at *34-35 (S.D. Ohio Aug. 3, 2015); *see also InvesSys, Inc. v. McGraw-Hill Cos., Ltd.*, 369 F.3d 16, 22 (1st Cir.

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[6] The word "full" sheds no light on the breadth of the word "costs," which is the crux of the dispute. The word does no more than clarify that, whatever "costs" are found permissible, they must be paid in "full." The *en banc* Federal Circuit in a patent case used a similar analysis for the phrase "all expenses" in *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1194 (Fed. Cir. 2018).

2004) (allowing non-taxable costs under § 505 as part of "reasonable attorneys' fees").

Other courts have required non-taxable costs awards to be "necessary" to the case, in addition to being reasonable. *Clarity Software, LLC v. Fin. Indep. Grp.*, LLC, No. 2:13-cv-00795, 2016 U.S. Dist. LEXIS 70602, at *24-25 (W.D. Pa. May 31, 2016) (requiring consideration of the nature and timing of costs incurred, degree to which costs are customary, and necessity of incurring costs, among other factors).

And still other courts have considered the "moral blame" attributable to the party against whom the non-taxable cost is sought. *See Under a Foot Plant, Co. v. Exterior Design, Inc.*, No. 15-cv-871-BPG, 2017 U.S. Dist. LEXIS 141634, at *12 (D. Md. Sept. 1, 2017) (citing Nimmer treatise); *Ducks Unlimited, Inc. v. Boondux*, No. 2:14-cv-2885-SHM-TMP, 2018 U.S. Dist. LEXIS 38676, at *22 (W.D. Tenn. Mar. 9, 2018) (citing Nimmer treatise).

Within the Ninth Circuit, district courts are split on the standards for awarding non-taxable costs. *Compare Williams v. Bridgeport Music, Inc.*, No. 2:13-cv-06004, 2016 U.S. Dist. LEXIS 193633, at *5 (C.D. Cal. Apr. 12, 2016) (applying a "discretionary" standard to an award of non-taxable costs, taking into account "(i) the degree of success obtained by the moving party; (ii) the purposes of the Copyright Act; and (iii) whether an award of . . . fees would have a chilling effect that is too great or would impose an inequitable burden on an impecunious plaintiff"), *with Malibu Media, LLC v. Sianturi*, No. 1:16-cv-01059-AWI-SKO, 2017 U.S. Dist. LEXIS 123654, at

*20 (E.D. Cal. Aug. 3, 2017) (applying a "reasonableness" standard based on the lodestar approach to requested costs for $400 statutory filing fee and $65 process server fees), *and Penpower Tech. Ltd. v. S.P.C. Tech.*, 627 F. Supp. 2d 1083, 1095 (N.D. Cal. 2008) (applying a "reasonableness" standard based on the lodestar approach to requested costs of $2,005 for filing fee and for costs of process server, in copyright and trademark infringement default judgment).

B. Different courts award different types of non-taxable costs

With no clear standards, the types of non-taxable costs awardable under § 505 can vary significantly. Two examples are noteworthy: expert fees and computer-assisted research.

1. Expert fees

Some district courts have ruled that expert fees are recoverable under § 505. *See ExperExchange, Inc. v. DocuLex, Inc.*, No. 08-cv-03875-JCS, 2010 U.S. Dist. LEXIS 54530, at *34 (N.D. Cal. May 10, 2010) (awarding $51,840 in expert fees); *Capitol Records, Inc. v. Foster*, No. 04-cv-1569-W, 2007 U.S. Dist. LEXIS 97253, at *22-23 (W.D. Okla. July 16, 2007) (finding defendant entitled to recover reimbursement for expert witness fees, costs, and expenses).

Other district courts have declined to award expert fees even where the party is entitled to non-taxable costs under § 505. The reasons vary. Some have cited the apparent lack of "moral blame" by the liable party. *See Liang v. AWG Remarketing, Inc.*,

No. 2:14-cv-00099, 2016 U.S. Dist. LEXIS 13566, at *33 (S.D. Ohio Feb. 4, 2016); *Ducks Unlimited*, 2018 U.S. Dist. LEXIS 38676, at *22. One court concluded that, even though § 505 must cover costs beyond those listed in § 1920, expert fees are not recoverable because Congress did not clearly express its intent to include them in cost awards. *See Guzman v. Hacienda Records & Recording Studio, Inc.*, No. 6:12-cv-42, 2015 U.S. Dist. LEXIS 108360, at *11-12 & n.6 (S.D. Tex. Aug. 18, 2015).

2. Computer-assisted research

Some district courts have allowed computer-assisted research costs under § 505. *See Capitol Records, Inc. v. MP3tunes, LLC*, No. 07cv9931, 2015 U.S. Dist. LEXIS 156069, at *24 (S.D.N.Y. Nov. 12, 2015) (allowing recovery as a "reasonable out-of-pocket" expense); *Compass Homes, Inc. v. Heritage Custom Homes, LLC*, No. 2:13-cv-779, 2015 U.S. Dist. LEXIS 101338, at *34-35 (S.D. Ohio Aug. 3, 2015) (finding research costs reasonably incurred in the course of litigation); *Chambers v. Ingram Book Co.*, No. 2:09-cv-14731, 2012 U.S. Dist. LEXIS 37125, at *27-29 (E.D. Mich. Mar. 20, 2012) (finding Lexis and Westlaw research costs reasonable); *Perfect 10, Inc. v. Giganews, Inc.*, No. 2:11-cv-07098, 2015 U.S. Dist. LEXIS 54063, at *89 (C.D. Cal. Mar. 24, 2015) (awarding in Westlaw research charges).

The First Circuit, while following the Ninth Circuit in awarding non-taxable costs under § 505, side-stepped whether computer-assisted research – Lexis and Westlaw charges – were specifically allowed, instead permitting recovery of these costs as

part of reasonable attorney's fee. *See InvesSys, Inc. v. McGraw-Hill Cos., Ltd.*, 369 F.3d 16, 22 (1st Cir. 2004) (awarding research costs incurred as attorney's fees where customarily charged to the client, and not if the firm paid a flat monthly fee).

Other district courts have declined to award computer-based research costs under § 505. *See, e.g., Clarity Software, LLC v. Fin. Indep. Grp.*, LLC, No. 2:13-cv-00795, 2016 U.S. Dist. LEXIS 70602, at *26 (W.D. Pa. May 31, 2016) (finding Lexis research costs unreasonable); *Tempest Publ'g, Inc. v. Hacienda Records & Recording Studio, Inc.*, 141 F. Supp. 3d 712, 725 (S.D. Tex. 2015) (denying costs for "research and documentation").

C. The Ninth Circuit decision will increase variability in cost awards

Several circuits apply the bright-line rule that recovery of non-taxable costs is not permitted under § 505. *See, e.g., Pinkham v. Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996); *Artisan Contractors Ass'n of Am., Inc. v. Frontier Ins. Co.*, 275 F.3d 1038. This Court's adoption of the Ninth Circuit's interpretation, with no corresponding guidance on the standards for determining how non-taxable costs are awardable in courts' discretion, would introduce significant variability in the cost awards in those circuits. More broadly, no courts will have clear standards for when to award non-taxable costs such as expert fees and computer-assisted research.

Such variability, in turn, will increase uncertainty in copyright infringement litigation,

serving neither copyright owners nor accused infringers. It encourages forum-shopping, as litigants will seek advantage by filing actions in venues that offer the more favorable cost awards. It also undermines the value of uniformity and clarity that provisions like § 1920 were intended to provide. *See Roadway Express v. Piper*, 447 U.S. 752, 761 (1980) ("Above all, Congress sought to standardize the treatment of costs in federal courts, to "make them uniform – make the law explicit and definite.") (quoting H.R. Rep. No. 32-50, at 6 (1852)).

Courts may exercise appropriate discretion when awarding costs under § 505 of the Copyright Act. Nonetheless, Sections 1920 and 1821 of Title 28 constrain recoverable costs to taxable costs. The interests of the copyright registration system, certainty, and predictability weigh against permitting § 505 awards for non-taxable costs. This constraint provides greater uniformity and better aligns with the policies underlying the Copyright Act.

CONCLUSION

The Court should find that non-taxable costs are not awardable under 17 U.S.C. § 505.

Respectfully submitted,

/s/ Stefan Mentzer
Stefan Mentzer
Counsel of Record
White & Case LLP
1221 Avenue of the Americas
New York, New York 10020
(212) 819-8705
smentzer@whitecase.com

Attorney for Amicus Curiae